



Corporation Tax Act 2010

2010 CHAPTER 4

[^{F1}PART 5A

GROUP RELIEF FOR CARRIED-FORWARD LOSSES

[^{F1}CHAPTER 3

CLAIMS FOR GROUP RELIEF FOR CARRIED-FORWARD LOSSES

Textual Amendments

- F1** Pt. 5A inserted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\), Sch. 4 para. 23](#)

Introduction

188CA Overview of Chapter

This Chapter sets out how a company may claim group relief for carried-forward losses and how the relief is given.

Claiming group relief for carried-forward losses

188CB Claims in relation to all the surrenderable amounts

- (1) This section applies in relation to the surrendering company's surrenderable amounts for the surrender period under Chapter 2.
- (2) If the requirements in subsection (3) are met, a company (“the claimant company”) may make a claim for group relief for carried-forward losses for an accounting period (“the claim period”) in relation to the surrenderable amounts.

Status: Point in time view as at 16/11/2017.

Changes to legislation: Corporation Tax Act 2010, CHAPTER 3 is up to date with all changes known to be in force on or before 27 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

(3) The requirements are as follows—

Requirement 1 The surrendering company consents to the claim.

Requirement 2 There is a period (“the overlapping period”) that is common to the claim period and the surrender period.

Requirement 3 At a time during the overlapping period—

- (a) the group condition is met (see section 188CE)
- (b) consortium condition 1 is met (see section 188CF), or
- (c) consortium condition 2 is met (see section 188CG).

(4) A claim under this section may relate to the whole of the surrenderable amounts or to part of them only.

(5) This section is subject to section 188CD (claim not allowed by company with unused carried-forward losses of its own).

Modifications etc. (not altering text)

- C1** S. 188CB(3) applied (with effect in accordance with [Sch. 4 para. 190](#) of the amending Act) by [1998 c. 36, Sch. 18 para. 70\(1\)](#) (as substituted) by [Finance \(No. 2\) Act 2017 \(c. 32\), Sch. 4 para. 114\(2\)](#)

188CC Claims in relation to the surrenderable amounts that are attributable to a specified accounting period

(1) This section applies in relation to the surrendering company's surrenderable amounts for the surrender period under Chapter 2.

(2) If the requirements in subsection (3) are met, a company (“the claimant company”) may make a claim for group relief for carried-forward losses for an accounting period (“the claim period”) in relation to the surrenderable amounts that are attributable to an accounting period of the surrendering company specified in the claim (“the specified loss-making period”).

(3) The requirements are as follows—

Requirement 1 The surrendering company consents to the claim.

Requirement 2 There is a period (“the overlapping period”) that is common to the claim period and the surrender period.

Requirement 3 Consortium condition 3 (see section 188CH) or consortium condition 4 (see section 188CI) is met throughout a period which—

- (a) begins before or during the specified loss-making period, and
- (b) ends during or after the overlapping period.

(4) A claim under this section may relate to the whole of the surrenderable amounts attributable to the specified loss-making period or to part of them only.

(5) This section is subject to section 188CD (claim not allowed by company with unused carried-forward losses of its own)

Status: Point in time view as at 16/11/2017.

Changes to legislation: Corporation Tax Act 2010, CHAPTER 3 is up to date with all changes known to be in force on or before 27 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

Modifications etc. (not altering text)

- C2** S. 188CC(3) applied (with effect in accordance with [Sch. 4 para. 190](#) of the amending Act) by [1998 c. 36, Sch. 18 para. 70\(1\)](#) (as substituted) by [Finance \(No. 2\) Act 2017 \(c. 32\), Sch. 4 para. 114\(2\)](#)

188CD Claim not allowed by company with unused carried-forward losses of its own

A company may not make a claim for group relief for carried-forward losses for an accounting period if—

- (a) any amount carried forward to that period under any provision mentioned in section 188BB(1), or any amount which is carried forward to that period and falls within section 124B(1)(b) of FA 2012, is not deducted in full from the total profits of the company for that period at Step 2 of section 4(2),
- (b) the company makes a claim under section 458(1) of CTA 2009 for any amount of a deficit to be excepted from being set off against profits of that period,
- (c) the company makes a claim under section 45(4A) that the profits of a trade of that period are not to be reduced or are not to be reduced by more than a specified amount, or
- (d) the company makes a claim under section 45B(5) for relief not to be given in that period for an amount of a loss or for a specified part of an amount of a loss.

188CE The group condition

- (1) The group condition is met if the surrendering company and the claimant company—
 - (a) are members of the same group of companies, and
 - (b) are both UK related.
- (2) For the meaning of “UK related” in subsection (1)(b) and in sections 188CF to 188CI, see section 188CJ.

188CF Consortium condition 1

- (1) Consortium condition 1 is met if—
 - (a) the claimant company is a trading company or a holding company,
 - (b) the claimant company is owned by a consortium,
 - (c) the surrendering company is a member of the consortium, and
 - (d) both companies are UK related.
- (2) But consortium condition 1 is not met if a profit on a sale within subsection (3) by the surrendering company would be a trading receipt of the surrendering company.
- (3) A sale is within this subsection if it is a sale of—
 - (a) the share capital the surrendering company owns in the claimant company, or
 - (b) if the claimant company is owned by the consortium as a result of section 153(3) (consortiums involving holding companies), the share capital the surrendering company owns in the holding company in question.

188CG Consortium condition 2

- (1) Consortium condition 2 is met if—

Status: Point in time view as at 16/11/2017.

Changes to legislation: Corporation Tax Act 2010, CHAPTER 3 is up to date with all changes known to be in force on or before 27 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (a) the claimant company is a trading company or a holding company,
 - (b) the claimant company is owned by a consortium,
 - (c) the surrendering company is not a member of the consortium,
 - (d) the surrendering company is a member of the same group of companies as a third company (“the link company”),
 - (e) the link company is a member of the consortium,
 - (f) the surrendering company and the claimant company are both UK related.
- (2) But consortium condition 2 is not met if a profit on a sale within subsection (3) by the link company would be a trading receipt of that company.
- (3) A sale is within this subsection if it is a sale of—
- (a) the share capital the link company owns in the claimant company, or
 - (b) if the claimant company is owned by the consortium as a result of section 153(3) (consortiums involving holding companies), the share capital the link company owns in the holding company in question.

188CH Consortium condition 3

- (1) Consortium condition 3 is met if—
- (a) the surrendering company is a trading company or a holding company,
 - (b) the surrendering company is owned by a consortium,
 - (c) the claimant company is a member of the consortium, and
 - (d) both companies are UK related.
- (2) But consortium condition 3 is not met if a profit on a sale within subsection (3) by the claimant company would be a trading receipt of the claimant company.
- (3) A sale is within this subsection if it is a sale of—
- (a) the share capital the claimant company owns in the surrendering company, or
 - (b) if the surrendering company is owned by the consortium as a result of section 153(3) (consortiums involving holding companies), the share capital the claimant company owns in the holding company in question.

188CI Consortium condition 4

- (1) Consortium condition 4 is met if—
- (a) the surrendering company is a trading company or a holding company,
 - (b) the surrendering company is owned by a consortium,
 - (c) the claimant company is not a member of the consortium,
 - (d) the claimant company is a member of the same group of companies as a third company (“the link company”),
 - (e) the link company is a member of the consortium, and
 - (f) the claimant company and the surrendering company are both UK related.
- (2) But consortium condition 4 is not met if a profit on a sale within subsection (3) by the link company would be a trading receipt of that company.
- (3) A sale is within this subsection if it is a sale of—
- (a) the share capital the link company owns in the surrendering company, or

Status: Point in time view as at 16/11/2017.

Changes to legislation: Corporation Tax Act 2010, CHAPTER 3 is up to date with all changes known to be in force on or before 27 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (b) if the surrendering company is owned by the consortium as a result of section 153(3) (consortiums involving holding companies), the share capital the link company owns in the holding company in question.

188CJ Meaning of “UK related” company

For the purpose of sections 188CE to 188CI a company is UK related if—

- (a) it is a UK resident company, or
- (b) it is a non-UK resident company carrying on a trade in the United Kingdom through a permanent establishment.

Giving group relief for carried-forward losses

188CK Deductions from total profits

- (1) If a claimant company makes a claim under section 188CB or 188CC, the group relief for carried-forward losses is given by the making of a deduction from the claimant company's total profits of the claim period.
- (2) In the case of a claim under section 188CB, the amount of the deduction under subsection (1) is—
 - (a) an amount equal to the surrendering company's surrenderable amounts for the surrender period, or
 - (b) if the claim is in relation to only part of those amounts, an amount equal to that part.
- (3) Subsection (2) is subject to—
 - (a) subsections (6) to (9),
 - (b) the limitations set out in Chapter 4, and
 - (c) section 269ZD (restriction on deductions from total profits).
- (4) In the case of a claim under section 188CC, the amount of the deduction under subsection (1) is—
 - (a) an amount equal to the surrendering company's surrenderable amounts for the surrender period that are attributable to the specified loss-making period, or
 - (b) if the claim is in relation to only part of those amounts, an amount equal to that part.
- (5) Subsection (4) is subject to—
 - (a) subsections (6) to (9),
 - (b) the limitations set out in Chapter 5, and
 - (c) section 269ZD (restriction on deductions from total profits).
- (6) A deduction under subsection (1) is to be made—
 - (a) before deductions for relief within subsection (7), but
 - (b) after all other deductions to be made at Step 2 in section 4(2) (apart from deductions for group relief for carried-forward losses on other claims).
- (7) The deductions within this subsection are deductions for relief—
 - (a) under section 37 in relation to a loss made in an accounting period after the claim period,

Status: Point in time view as at 16/11/2017.

Changes to legislation: Corporation Tax Act 2010, CHAPTER 3 is up to date with all changes known to be in force on or before 27 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (b) under section 260(3) of CAA 2001 in relation to capital allowances for an accounting period after the claim period, and
 - (c) under section 389 or 463B of CTA 2009 in relation to a deficit of a deficit period after the claim period.
- (8) For the purposes of subsection (6)(b) it is to be assumed that the claimant company has claimed all relief available to it for the claim period under section 37 of this Act or section 260(3) of CAA 2001.
- (9) Corporation tax relief is not to be given more than once for the same amount, whether—
 - (a) by giving group relief for carried-forward losses and by giving some other relief (for any accounting period) to the surrendering company, or
 - (b) by giving group relief for carried-forward losses more than once.]

Status:

Point in time view as at 16/11/2017.

Changes to legislation:

Corporation Tax Act 2010, CHAPTER 3 is up to date with all changes known to be in force on or before 27 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.